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C O N F I D E N T I A L TASHKENT 001486

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SUBJECT: KAZAK AMBASSADOR BRIEFS CHARGE ON UZBEK RELATIONS

Classified By: CLASSIFIED BY CDA BRAD HANSON FOR REASONS 1.4 (B, D).

¶1. (C) Charge met with Kazakh Ambassador Myrzakhmetov on August 8 to discuss the visit of Kazakh Prime Minister Masimov to Tashkent on 26 July. The Ambassador said the visit was the second in a scheduled series of high level visits under the Uzbek-Kazakh Intergovernmental Committee. The Ambassador did not say that anything concrete emerged from the talks. Instead, he said the two sides signed a ten year strategic agreement with a broad legal base of over 150 laws. (Note: This appears to be a type of memorandum of understanding, outlining broad-range goals, covering economic and political topics, over the next ten years. Uzbekistan shares similar agreements with other countries in the region. End note.) When the Charge asked if water rights or energy issues were discussed, the Ambassador replied that he did not know.

¶2. (C) Turning to economic relations, the Charge inquired about press reports regarding the Kazakh Development Bank opening a branch in Tashkent. According to the Ambassador, the Kazakh Government opened the Bank's branch in 2006 to serve medium to large Kazakh and Uzbek businesses with projects in Uzbekistan. The minimum loan amount is USD 5 million. He confirmed that Kazakh businesses experience delays in converting currency, but they "appreciate the investment opportunities in Uzbekistan."

¶3. (C) The Kazakh Ambassador mentioned to the Charge a few other points:

--Kazakh-Uzbek border delimitation is complete and the demarcation is almost done.

--As a result of several shooting incidents along the Uzbek/Kazakh border in the spring, the Kazakh Government refined its standing "rules of engagement" prescribed for its border guards. An aide to the Ambassador, present at the meeting, stated many villages have been split down the middle by this new international border and it is taking some time for them to recognize and understand this new border, thus incidents sometimes occur.

--A migrant labor agreement exists between the Uzbeks and Kazakhs, but there are no accurate migrant labor statistics.

--He was puzzled as to why international organizations have not protested Kyrgyzstan's plans to build new hydropower stations that could adversely affect downstream countries.

--The Ambassador wanted to know what forums exist to discuss problems in Afghanistan. The Charge informed him about numerous existing forums, many of which operate in

Afghanistan.
HANSON